

WIC

July 21, 1986

Wayne Kaplan, Esq.
Premerger Notification Office
Bureau of Competition - Room 303
Federal Trade Commission
Washington, D.C. 20580

Dear Mr. Kaplan:

I am enclosing a copy of an outline of the transaction that [REDACTED] and I discussed with you last week.

As set forth in the outline, we would be interested in receiving an interpretation of the obligations of a foreign company reporting revenues under Item 5 of the Form.

Sincerely,

[REDACTED]

Enclosure

This material may be subject to the provisions of Section 7a (b) of the Clayton Act which restricts release under the Freedom of Information Act

Outline of Transactions

A foreign person ("Company A") intends to acquire either the assets or voting securities of a United States issuer, under circumstances where the size of person and size of transaction tests are met. In responding to Item 5 of the Premerger Notification and Report Form, the following questions arise:

(1) Does Company A report revenues for goods manufactured by it outside the United States and sold by it to its subsidiaries in the United States?

(2) Does Company A report revenues for goods manufactured by it outside the United States and sold by it directly to non-affiliated entities in the United States?

(3) If Company A has a sales office in the United States through which a purchaser places an order for goods manufactured outside the United States, does Company A report revenues for that sale into the United States? Does it make a difference in such a case whether the sale is invoiced and paid inside or outside the United States?

(4) If any transaction described in paragraph 1 through 3 above must be reported, is a manufacturing or non-manufacturing SIC code used?

(5) If Company A sells goods to a United States subsidiary, which then either (i) sells the same goods to a second subsidiary, which then sells the goods to a non-affiliated United States entity or (ii) sells the same goods to a non-affiliated United States entity, which revenues must Company A report? What kind of SIC code would be used for any report that is necessary?

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(6) Is the presence or absence of "value added" a relevant consideration in determining whether an intracompany transaction must be reported?

1. No = only revenues for sales of those
Sales out of establishments in the U.S.

2. No = ~~same~~.

3. Sales of U.S. establishments all as a
wholesale -

Probably no difference where mixed

4. Non. Mfg.

5. Co must report in both
wholesale & retail codes
unless ~~only~~ involved -

must include inplant changes
where SIC code changes

6. Value added is reflected in
2nd tier higher revenue
which are reported